

## MEMORANDUM

September 9, 2003

MEMO TO: Guy Guzzone, Chairman  
County Council

FROM: Ronald S. Weinstein  
County Auditor

SUBJECT: Timbers at Troy Inventory - FY 2003

The Pro Shop at the Timbers at Troy golf course maintains an inventory of merchandise for sale to the public. The Timbers at Troy staff perform a physical inventory count each month. On June 30, 2003, representatives from the Department of Finance and the County Auditor=s Office went to the golf course to observe the monthly inventory counting process.

The General Manager and the Timbers at Troy staff conducted the inventory count. After all items had been counted, the General Manager entered the counts into the inventory system and produced a variance report that showed the variances from the perpetual inventory. The General Manager recounted items with large variances. When he was satisfied with the accuracy of the count, he produced another copy of the variance report. It showed a variance of \$18.10, or 0.04% of the \$43,823.38 total inventory value. We consider this to be an immaterial amount and within acceptable levels.

We requested invoices on 31 randomly selected items to verify that the prices recorded on the count sheet were accurate. All of the items checked were in agreement.

We also selected 57 items to test count. All of the items checked were in agreement. The items we recounted had a value of \$24,778.41, or 56.54% of the total inventory.

There is another separate inventory of fertilizers and chemicals. We selected all items having a value over \$500 to test count. The items we recounted had a value of \$84,860.07 or 91.05% of the total inventory. There were discrepancies in 14 out of the 49 items counted. The variance was \$4,132.03 or 4.60% of the total inventory value. The majority of this variance was from two chemical items. The inventory list showed the number of units in inventory. However, some of the units were only partially full, and were counted as a complete unit. The inventory count was adjusted to the actual amount of full units on hand.

Each month, the golf course management sends financial statements to the Department of Finance. According to the balance sheet, the merchandise inventory figure was \$43,563.64 on June 30<sup>th</sup> and the inventory figure for fertilizer and chemicals was \$89,908.15 on June 30<sup>th</sup>. We compared these amounts with the inventory counts and found a difference of \$259.74 in

the merchandise inventory. This difference is due to items being used on June 30<sup>th</sup> after the time of the count. The fertilizer and chemical inventory was in agreement with the balance sheet.

We believe that \$43,823.38 and \$89,908.15 are a fair valuation of the merchandise and fertilizer and chemicals inventories at the Timbers at Troy golf course at the time the inventory was taken on June 30, 2003.

LG:dl-TT103

cc: Council Members  
James N. Robey, County Executive  
Raquel Sanudo, Chief Administrative Officer  
Gary J. Arthur, Director, Department of Recreation and Parks  
Sharon F. Greisz, Director, Department of Finance  
Kyle Warfield, General Manager, Timbers at Troy  
Lois Miller, Administrative Services Officer